Supreme Court, U.S.
FILED

No. (1)

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In The

Supreme Court of the United States

Philip R. McNeil

Petitioner

v.

The Stanley Works
and
Verisign, Inc.

Respondents

On Petition for Writ of Certiorari
To The Ninth Circuit Court of Appeals

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Though an ACPA claim was clearly referenced in paragraph 94 of Petitioner's original complaint, both the district court and the appeals court had trouble finding and/or acknowledging it. Consequently, even though Lanham Act causes of action under 15 U.S.C. 1114(d)(2)(v) are recognized by five other federal circuits (and rejected by virtually none), that claim continues to go "officially" unnoticed in the Ninth Circuit, as evidenced by the lower court rulings in the instant case. Equally unnoticed, is the enforceability of forum selection clauses in ICANN arbitration agreements, which were also implicitly rejected by the Ninth Circuit in the instant case, as entitled to absolutely no deference.

The questions presented by this appeal are:

1. Whether the Lanham Act creates a federal cause of action whereby Petitioner, a Canadian citizen, could litigate his right to utilize certain Internet domains under federal trademark law.

2. Whether ICANN forum choice clauses are entitled to any deference in federal court and, if so, how much.

3. Whether ICANN forum choice clauses should be deemed "presumptively *valid*," thereby shifting the burden of proof to the party opposing the stipulation.

4. Whether the district court wrongfully refused to hear the merits of Petitioner's domain name appeal, particularly when federal law provided Petitioner with federal court access, and a

specific federal cause of action. See Anti-cybersquatting Conumer Protection Act ("ACPA"), 15 U.S.C. 1114(d)(2)(v).

5. Whether a U.S. company that initiates an ICANN arbitration on U.S. soil, should be deemed to have waived its right to oppose adjudication of the underlying claims in a federal district court that has subject matter jurisdiction over the dispute under the ACPA.

6. Whether it was proper for the lower court to reject Petitioner's forum choice, and defer the case to Canada, when all material facts and parties pointed toward California being the preferred forum, including:

(a) All parties engaged in business in California.

(b) All three defendants had primary offices in California, and/or were engaged in substantial business activities there.

(c) Petitioner's rights and remedies arose under, and were governed by, United States trademark law, and were appropriately adjudicated in federal district court by virtue of the ACPA.

(d) The Internet domains were acquired in the U.S., through a U.S.-based domain registrar.

(e) The domains were located and hosted on name servers maintained in the U.S. by the registrar.

(f) The domains were used to criticize the business activities of a U.S. company with offices in the forum state.

(g) The Canadian action was a frivolous, $15 million defamation action filed only to chill First Amendment freedoms, and contained a prayer for relief antithetical to Congress' intent, the U.S. Constitution and the ACPA's remedial purposes.

(h) The Canadian action had been dormant for 4 years.

7. Whether the court erred in dismissing the Internet registrar, Verisign, Inc., from the case, where:

(a) The registrar's presence in the action was required, or at least preferred, in order to fashion, implement and enforce appropriate declaratory and injunctive relief.

(b) The registrar's presence was warranted based on past wrongful domain transfers by the registrar, which took place while an appeal was pending, and prior to any merits determination being obtained.

(c) Facts brought to the attention of the district court reflected specific alleged tortious acts and contractual breaches on the part of the registrar.

(d) A real and demonstrated ongoing need for injunctive relief against the registrar to restrain future wrongful transfers of the domains while litigation was pending (which proved prophetic, insofar as the registrar wrongfully transferred domains to Stanley during the pendency of the most recent appeal, *once again in direct contravention of ICANN rules*).

PARTIES TO THE PROCEEDING

Petitioner **Philip R. McNeil** is a Canadian citizen who sponsors various websites criticizing The Stanley Works (hereinafter "Stanley").

Respondents are **The Stanley Works** (a former Fortune 500 company that manufactures and sells tools worldwide), and **Verisign, Inc.** (the registrar for the domain names in dispute, and also historically known as Network Solutions, Inc. — the original domain registrar for the Internet).

ICANN ("Internet Corporation for Assigned Names and Numbers) was a defendant in the proceeding below. After summarily affirming the dismissal of all claims against Verisign and Stanley, the Ninth Circuit retained jurisdiction over the due process claims asserted against ICANN, and stated the claims would be calendared for oral argument. *A:1.*

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OPINIONS BELOW

This case has been up and down the Ninth Circuit ladder twice. A detailed procedural history is set forth below.

The Ninth Circuit's most recent summary affirmance of the district court in *McNeil II* is attached as A-1. It has not been officially reported.

The district court's dismissal of *McNeil II* is attached as A-2 through A-17. It is not officially reported, nor unofficially cited.

The Ninth Circuit's refusal to recall its mandate in *McNeil I* (after Stanley abandoned the domains which were the subject of the appeal, during the pendency of the appeal), is attached as A-18.

The Ninth Circuit's opinion upholding the district court's dismissal in *McNeil I* is attached as A-19 through A-24. It is unofficially cited at 2002 WL 535790, 33 Fed.Appx. 322.

The district court's order dismissing *McNeil I* is attached as A-25 through A-31. That order is neither officially reported, nor unofficially cited.

BASIS FOR JURISDICTION

The instant petition seeks reversal of the Ninth Circuit's order which summarily affirmed the district court's dismissal of Stanley and Verisign, but retained jurisdiction over the Petitioner's claims against ICANN. The Ninth Circuit's order was entered February 27, 2004. Thus, the instant application for certiorari is filed pursuant to 28 U.S.C. § 1254(1).

The Ninth Circuit's recent order dismissing all claims against Stanley and Verisign was appealable. *Air Line Pilots Associations International v. UAL Corporation*, 897 F.2d 1394 (7th Cir. 1990) (litigant in federal case is not compelled to wait until case is over before seeking certiorari, because final order is not needed to request certiorari); Sup. Ct. Rules, Rule 18; 28 U.S.C. 2101(e).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

15 U.S.C. 1121(a)

The district and territorial courts of the United States shall have original jurisdiction and the court of appeal of the United States ... shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

15 U.S.C. 1114(d)(2)(v) "Anticybersquatting Consumer Protection Act of 1999" (ACPA) [Cause of Action for Domain Registrants Victimized by Trademark Owners attempting "Reverse Domain Name Hijacking"]

A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

15 U.S.C. 1125(d)(1)(A) [Cause of Action for Trademark Owners Victimized by "Cybersquatters"]

A person shall be liable in a civil action by the owner of a mark ... if, without regard to the goods or services of the parties, that person (i) has a bad faith intent to profit from that mark ...; and (ii) registers, traffics in, or uses a domain name that (I) in the case of a [distinctive] mark ... is identical or confusingly similar to that mark; [or] (II) in the case of a famous mark ... is identical or confusingly similar to or dilutive of that mark, or (III) is a trademark, word or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

15 U.S.C. 1126(b) LANHAM ACT. Benefits of section to persons whose country of origin is party to convention or treaty.

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

28 U.S.C. 1331

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

U.S.C.A. Const. Amend. I

Congress shall make no law ... abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

U.S.C.A. Const. Amend. V

No person shall be ... deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

U.S.C.A. Const. Amend. XIV

No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty or property, without due process of law; nor deny to any person within its jurisdiction equal protection of the laws.

ICANN Uniform Domain Name Resolution Policy (UDRP)

4. Mandatory Administrative Proceeding.

This paragraph sets forth the types of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/udrp/approved-providers.htm.

a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the even that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements is present.

b. Evidence of Registration and Use in Bad Faith. For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor, or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet

users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement or your web site or location or of a product or service on your web site or location. . . .

k. Availability of Court Proceedings. The mandatory administrative proceeding set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decided that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. . . .

5. All Other Disputes and Litigation. All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

Rules for Uniform Domain Name Dispute Resolution Policy

15. Panel Decisions. . . .

(e) . . . If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacing or was brought

primarily to harass the domain-name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

. . .

18. Effect of Court Proceedings.

(a) In the event of any legal proceedings initiated prior to or during an administrative proceeding in respect of a domain-name dispute that is the subject of the complaint, the Panel shall have the disretion to decide whether to suspend or terminate the administrative proceeding, or to proceed to a decision. . . .

Article 6: PARIS CONVENTION. Convention for the Protection of Industrial Property of March 29, 1883 (revised). [Status on April 22, 2004 — Canada: Member since June 12, 1925.] **[emphasis added]**

[Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries]

(1) The conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation.

(2) However, an application for the registration of a mark filed by a national of a country of the Union in any country of the Union may not be refused, nor may a registration be invalidated, on the ground that filing, registration, or renewal, has not been effected in the country of origin.

(3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

STATEMENT OF THE CASE

This case raises the as yet unreviewed questions of (a) whether Congress intended to created a federal cause of action in the Lanham Act for Internet domain name registrants who are negatively impacted by mandatory ICANN arbitrations [five circuits recognize the cause of action; only the Ninth Circuit has rejected it] and, if so, (b) how much deference is to be accorded forum choice rules and stipulations in appeals taken from adverse ICANN determinations.

1. *FACTUAL BACKGROUND*

Phil McNeil is a former Stanley distributor who, in 1998, after a disappointing experience investing in a Stanley tools distributorship, began acquiring Stanley-related domain names, and launching anti-Stanley websites. It is acknowledged McNeil's websites do not exist for any commercial purpose, operate in exercise of McNeil's constitutional right to free speech, and exist solely for the purpose of disseminating information about the questionable and allegedly nefarious business practices of Respondent The Stanley Works. *A:34-35, 103-130.*

Among other things, after closing several U.S. plants and exporting its tool manufacturing to foreign countries, Stanley is known for then being forced to defend itself against FTC charges that it falsely marketed its foreign-made tools as "Made in America." Lesser known is the fact that the company paid out over $100 million in settlements and six- and seven-figure punitive damage verdicts, largely to former

distributors like McNeil who alleged to have been misled into investing their family's assets and savings into non-viable tool distributorships that were deceptively marketed and promoted by Stanley's Mac Tools division. *A:45, 134-136.*

In February 2000, Stanley initiated a mandatory ICANN arbitration against McNeil. The ICANN panel ruled in Stanley's behalf, and McNeil filed a timely appeal with the United States District Court for the Northern District of California. Prior to the filing, as part of the ICANN proceeding, the parties had stipulated that San Francisco was their mutually-agreed choice of forum. *A:47.*

Stanley moved to dismiss *McNeil I* on grounds of *forum non conveniens*, relying largely on its assertion that a $15 million defamation suit filed by Stanley in Canada, was better suited to review McNeil's claims. The district court granted the motion, and the Ninth Circuit affirmed. *A:19,25.*

However, while *McNeil I* was on appeal with the Ninth Circuit, Stanley inexplicably abandoned the two domains which were the subject of the appeal, and McNeil re-acquired one of them. Though the other name had been abandoned for over 8 months, Verisign refused to release it to McNeil for re-registration. Because the names had been abandoned while the case was on appeal, McNeil asked the Ninth Circuit to recall its mandate (affirming the district court's order of dismissal), but without explanation. *A:18, 131-136.*

Meanwhile, Stanley instituted a second ICANN arbitration to recover four additional Stanley-related domains acquired by McNeil. Stanley also threatened additional ICANN and/or court proceedings to recover the name McNeil had re-registered from *McNeil I*. *A:50.*

Within weeks, the second ICANN arbitration was adjudicated in Stanley's favor, and McNeil again filed suit in San Francisco, but this time asserting a claim for relief under the ACPA. Again, however, the district court failed to review the merits, and dismissed on the basis of *forum non conveniens*. However, this time the court also cited the doctrine of *res judicata* ---- ruling specifically (though incorrectly) that the claims asserted in *McNeil I* and *McNeil II* were "identical." In fact, obviously irritated, the court opined that the plaintiff had needlessly and irresponsibly *"brought the **identical** action back to this court." A:2,14.*

Then, adding insult to injury, the district court threatend McNeil with sanctions. It did this even though Verisign had, just prior to the filing of *McNeil II*, threatened to tranfer McNeil's domains to Stanley and terminate his websites if he did not file suit in the specified forum. *Id.*

More importantly, under ICANN forum rules, had McNeil filed somewhere other than San Francisco, he would have immediately lost control over the domains and associated websites, insofar as Verisign could have lawfully turned them over to Stanley at that point.

After dismissal by the district court of *McNeil II*, McNeil appealed to the Ninth Circuit. This time, even though the Ninth Circuit summarily affirmed the district court's dismissal of Stanley and Versign, it nevertheless agreed to hear argument on the claims asserted against ICANN (for due process and equal protection violations). *See* U.S.C. Const. Amend. I, V, XIV. *A:1, 55-59.*

McNeil's instant Petition is filed to reverse the Ninth Circuit's summary affirmance of the district court's order of dismissal relating to Stanley and Verisign, and remand the case to the district court for further proceedings.

2. *CLAIMS IN MCNEIL I vs. MCNEIL II*

The linchpin of the district court's rationale for dismissal, was its contention that the claims asserted in both suits were "identical." This observation is factually and legally inaccurate.

In *McNeil I,* McNeil attempted to recoup two Internet domains, i.e., *www.stanleyworks.net* and *www.thestanleyworks.net,* which an ICANN arbitrator had recently ordered should be transferred to Stanley. McNeil ttempted to recoup the names by asserting claims for malicious abuse of process, intentional infliction of emotional distress, violations of First Amendment rights, and violations of 42 U.S.C. 1983.

In *McNeil II,* McNeil attempted to recover four additional domains (i.e., *www.stanley-hardware.com, www.stanley-proto.com,* www.stanley-tools.com, *www.stanley-husky.com*), which had been recently ordered transferred in the second ICANN proceeding. In addition, in *McNeil II,* McNeil specifically asserted a claim under the ACPA to (a) recover the 4 domains which the second ICANN panel had ordered transferred, (b) judicially confirm rights in two domains Stanley had abandoned during the appeal process of *McNeil I,* (c) join ICANN for imposing a mandatory arbitration procedure that lacked due process and ill-defined legal rules, and (d) join the registrar, who in both *McNeil I* and *McNeil II* had prematurely transferred the domains to Stanley in contravention of ICANN rules. *A:50, 58-60.*

Moreover, in his complaint, McNeil specifically mentioned the remedial statute as the ACPA, though the district court simply pretended that no such claim had been asserted. *A: 58.*

The district court failed to acknowledge distinct and material differences between the additional parties and claims asserted in *McNeil II*, but which were not asserted in *McNeil I*, i.e., (a) McNeil's ACPA claim, (b) McNeil's addition viable claims against Verisign and ICANN (the Ninth Circuit is currently reviewing McNeil's due p[rocess claims against ICANN), (c) Stanley's subsequent abandonment of the domains involved in the first proceedings, and/or (d) the presence of four additional domains which were transferred to Stanley by virtue of a second" ICANN proceeding —- all which made McNeil II critically different than McNeil I.

Each of the foregoing factors materially differentiated *McNeil I* from *McNeil II*, but were virtually ignored by the lower courts when they articulated their reasons for dismissal.

3.ARGUMENT AND CITATION OF AUTHORITY

A. *The ACPA Claims Asserted In McNeil II Differentiated It From McNeil I, And Required The District Court To Assume Jurisdiction Over The Case.*

In *McNeil II*, the Petitioner added a viable claim under the ACPA (which was not specifically pled in *McNeil I*), and added other claims and parties that clearly differentiated the second action from the first. The district court was clearly compelled to hear these claims, and the Ninth Circuit's summary affirmance contradicts not only federal statutory law, but also the law of every other federal circuit that has

ruled on the issue. 15 U.S.C. 1114 (d)(2)(v); 15 U.S.C. 1121(b); *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75, 79 (1st Cir. 1996) (holding that federal jurisdiction exists over plaintiff's request for a declaration that it was not violating defendant's trademark rights); *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14 (1st Cir. 2001); *Storey v. Cello Holdings, LLC*, 347 F.3d 370 (2nd Cir. 2003); *Dluhos v. Strasberg*, 321 F.3d 365 (3rd Cir. 2003); *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*, 330 F.3d 617 (4th Cir. 2003); *Hawes v. Network Solutions*, 337 F.3d 377 (4th Cir. 2003); *Taubman v. Webfeats*, 319 F.3d 770 (6th Cir. 2003); *Bird v. Parsons*, 289 F.3d 865 (6th Cir. 2002) (jurisdiction under 15 U.S.C. 1125).

Contrary to the district court's ruling, the additional parties and claims sufficiently distinguished *McNeil I* and *McNeil II*, that res judicata was inapplicable. *Commissioner of Internal Revenue v. Sunnen*, 333 U.S. 591, 599-600, 68 S.Ct. 715, 92 L.Ed.2d 898 (1948) (*"A subsequent modification of the significant facts or a change or development in the controlling legal principles may make that determination obsolete or erroneous, at least for future purposes. . . . Collateral estoppel must be confined to situations where the matter raised in the second suit is identical in all respects with that decided in the first proceeding, and where the controlling facts and applicable legal rules remain unchanged."*); *Metropolitan Life Ins. Co. v. Taylor*, 481 U.S. 58, 63, 107 S.Ct. 1542, 1546, 95 L.Ed2d 55 (1987) (*"A cause of action arises under federal law ... when the plaintiff's well-pleaded complaint raises issues of federal law"*); *See* Complaint, ¶ 94 (McNeil II) (*"Plaintiff is entitled to declaratory and injunctive relief from this Court determining . . . whether McNeil is using the names for a profit or commercial motive consistent with the Anti-Cybersquatting Consumer Protection Act, or federal*

trademark law; [of] whether McNeil's use of the names constitutes "fair use" within the meaning of federal law") A:58-59; 15 U.S.C. 1121(b) (*"The district ... courts of the United States shall have original jurisdiction ... of all actions arising under this chapter* [i.e., Lanham Act]."); *Dluhos v. Strasberg,* 321 F.3d 365, 373 (3rd Cir. 2003) (*"Congress' authorization of the federal courts to grant injunctive relief ... gives the registrant an explicit cause of action through which to redress the loss of a domain name under the UDRP."); Sallen v. Corinthians Licenciamentos LTDA,* 273 F.3d 14, 27 (1st Cir. 2001).

B. ***Deferral Of The Case To Canada Would Have Created Piecemeal Litigation, Making Forum Non Conveniens Inapplicable.***

Dismissal of the case, and deferral to the Canadian courts, was improper for a number of other reasons. At the top of the list, are basic principles of international law as articulated and enacted by the Paris Convention (of which both the U.S. and Canada are members). The rules of the Paris Convention were specifically incorporated into the Lanham Act (15 U.S.C. 1126) to empower Canadian citizens to pursue Lanham Act (i.e., ACPA) claims in U.S. courts, to-wit:

> **Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to**

nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

A common misconception under the provisions of the Paris Convention, however, is that Canadian trademark rights and U.S. trademark rights can be uniformly enforced in the courts of either member country. That is simply not the case. In fact, the Convention specifically requires citizens of member nations to litigate their claims in the forum where the trademark rights have their legal origin which, in the instant case, is clearly the United States.

Article 6: Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries. . . .

(3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

Article 6 (Paris) Convention for the Protection of Industrial Property of March 29, 1883 (revised). [emphasis added]; *See also* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* Sec. 29:25 Sec. 29:25 (4th ed. 2002) (*"The Paris Convention creates nothing that even remotedly resembles a 'world mark' or an 'international registration.' Rather, it recognizes the principles of the territoriality of trademarks [in the sense that] a*

mark exists only under the laws of each sovereign nation."); Persons' Co., Ltd. v. Christman, 900 F.2d 1565, 1568-69 (Fed.Cir. 1990) (*"The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme."*).

Thus, controlling principles of international and federal jurisprudence, both under the Paris Convention and federal law as incorporated into the Lanham Act, actually require – contrary to the district court's ruling – that McNeil litigate in the U.S., not Canada. This result is underscored by 15 U.S.C. 1121 (which provides McNeil with federal court access to pursue Lanham Act claims) and 15 U.S.C. 1114(d)(2)(v) (which accords McNeil a *specific* cause of action to recover Stanley-related domains wrongfully transferred as the result of an ICANN panel ruling). The district court, in deferring the case to Canada, completely ignored the jurisdictional and legal principles annunciated in the Paris Convention and the Lanham Act ---which brings us to the most vexing feature of the district court's dismissal of McNeil II, particularly given the ACPA claim referenced in paragraph 94 of Petitioner's complaint.

In McNeil I, the district court went to great lengths to point out federal jurisdiction was lacking when it bluntly stated: *"there is no federal question here." A:28.* The same mantra continued in McNeil II, despite McNeil's addition of the ACPA claim. At one point, in fact, the district court seemed to be trying to point out to McNeil that an ACPA claim existed that McNeil should pursue: *"McNeil is not without a forum to resolve grievances about the outcome of arbitration. He may bring a petition to vacate the arbitrator's*

decision that the arbitrator wrongfully awarded the domain names to Stanley." A:9-10. What the district court, and Ninth Circuit failed to recognize, is that is exactly what McNeil had done, but to no avail.

Other problems accompanied the improper deferral of the case to Canada. In addition to the Canadian court being unable to issue a binding determination on U.S. trademark law, it was also not (a) the venue agreed on by the parties, or (b) the appropriate venue for the parties involved in the action. In fact, of the four parties to *McNeil II*, only one (Petitioner himself) was domiciled in Canada. Even so, there was nothing independently significant about Petitioner's Canadian citizenship.

Besides, all the parties had substantial contacts with California, and all three defendants had principal offices and/or substantial business activities in California. It is doubtful that a Canadian court could have even constitutionally exercised jurisdiction over two of the parties (ICANN and Verisign), who arguably had no substantial presence in Canada.

Thus, the Ninth Circuit sent the case to a forum that was not only inconvenient, but had neither personal nor subject matter jurisdiction over all the parties or controversy. This factor, in and of itself, warrants reversal of the venue determination.

An additional factor weighing heavily in favor of California being the preferred forum, is the principle of judicial economy, which expresses a strong disinclination against permitting piecemeal litigation of related claims between related parties.

As it stands, however, the Ninth Circuit sent most of the parties to Canada, yet retained the ICANN claims. This ruling was illogical, and completely undercuts the rationale inherent in the Ninth Circuit's *summary* affirmance of the dismissal of the other two parties. *See e.g., Continental Grain Co. v. Barge FBL-585*, 364 U.S. 19, 26 (1960); *Steward v. Up North Plastics, Inc.*, 177 F.Supp.2d 953, 959 (USDC Minn. 2001); Wright & Miller, *15 Federal Practice and Procedure Juris. 2d*, § 3808 (Multiple Claims) (rev. 2002). In McNeil II, McNeil specifically asserted a claim under the ACPA ---- a claim the federal district court was compelled to hear, but obviously did not want to hear. Although the district court called the claims in McNeil I and McNeil II "identical," at the same time it had ruled in McNeil I that McNeil had not even stated a valid federal claim. This is blatantly inconsistent with the district court's ruling in McNeil II that both suits involved "identical" claims. After all, is not reasonably debatable that McNeil did, in fact, identify a claim under the ACPA in Paragraph 94 of his complaint in McNeil II. *A-58.*

It is apparent that, for whatever reason, the district court was eager to rid itself of McNeil, at the risk of issuing inaccurate and insupportable rulings that were inconsistent with the law prevalent in the various circuits, internally inconsistent with its own prior rulings, and neglectful of clear federal rights articulated in Petitioner's complaint.

In any event, deferring McNeil II to Canada under those circumstances, was patently improper, and effectively neutralized and negated McNeil's federal rights under the ACPA.

The Ninth Circuit's refusal to hear the case, thus contradicts the decisions rendered in other federal circuits.

See Barcelona.com, Incorporated v. Excelentisimo Ayuntamiento De Barcelona, 330 F.3d 617 (4th Cir. 2003) (federal courts are obligated under the ACPA to adjudicate domain dispute between Spanish citizens, British citizen, Brazilian company and U.S. company, at least to the extent the dispute impacts U.S. trademark rights).

In the instant case, the case dealt squarely with Stanley's U.S. trademark rights, and McNeil's right to use U.S.-purchased and U.S.-based domains to launch anti-Stanley websites. As such, the subject matter was squarely within the jurisdictional purview of the federal district courts, and the case should have been determined on the merits, not shuffled off to Canada.

C. *The Dismissal Of McNeil II On Grounds Of Forum Non Conveniens Contravened Established Federal Law.*

In *Bremen*, this Court ruled that forum selection clauses were "presumptively valid," and should be upheld, *so long as they were fair, reasonable and not contrary to public policy.* No fact or observation in the court below warrants alteration of this fundamental rule for ICANN disputes or ACPA actions. Since *Bremen*, this Court has consistently reaffirmed its position that forum selection clauses are to be routinely enforced.

In fact, since issued in 1972, the basic ruling of *Bremen* has never been successfully challenged, i.e., that forum selection clauses are presumptively valid. Rarely has this Court elaborated on the *Bremen* caveats, nor had much need to. Nonetheless, in view of the Ninth Circuit's rejection of

the ICANN forum stipulation, *Bremen* principles need to be reaffirmed so that it is clear they are deemed to apply with equal force in the context of domain disputes, ACPA actions, and the mandatory ICANN arbitrations.

The ruling by the Ninth Circuit, summarily affirming the district court's dismissal, abrogates federal law, as well as the fundamental principles announced in *Bremen*. Specifically, the ruling violates the tenets annunciated in the statutory language and legislative history of the ACPA. Denial of federal access to domain litigants adversely affected by mandatory ICANN arbitration rulings, in unacceptable, and directly contrary to the federal statutory scheme. *See* 15 U.S.C. 1114(d)(2)(v) (specifically empowering domain registrants to challenge adverse ICANN rulings in federal court); *See also* 145 Cong. Rec. S15,026 (1999) (noting domain disputes may be fabricated, and accusations of cybersquatting leveled, in situations where a the domain owner has a legitimate right to use the domain, or where a legitimate dispute over trademark rights exists – commonly known as "reverse domain name hijacking"); *See also* 145 Cong. Rec. S10,516 (1999) (Senator Hatch commenting that: *"A domain name registrant whose name is suspended in an extra-judicial dispute resolution procedure can seek a declaratory judgment that his use o the name was, in fact, lawful under the Trademark Act. This clarification is consistent with other provisions of the reported bill that seek to protect domain name registrants against overreaching trademark owners"*); *See also* ICANN Uniform Domain Name Dispute Resolution Policy (hereinafter "UDRP") 1, *at* http://www.icann.org/udrp/udrp-rules-24oct99.htm (Oct. 24, 1999) (defining "reverse domain name hijacking").

Senator Hatch also commented that the Hatch-Leahy amendments were designed to *"balance the rights of trademark owners with the interests of Internet users"* and to *"preserve the rights of Internet users to engage in protected expression online and to make lawful uses of others' trademarks in cyberspace."*). 145 Cong. Rec. S10,515 (1999).

Simply stated, when a federal statute confers jurisdiction on the federal courts for a specific cause of action, the district courts are compelled to hear such an action, absent other countervailing considerations. *Osborn v. Bank of the United States,* 22 U.S. (Wheat.) 738, 817, 6 L.Ed. 204 (1824). This is consonant with 28 U.S.C. 1331, which specifically states that *the district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States."* Unless McNeil's claims were "wholly insubstantial and frivolous," the district court was required to adjudicate them. *Bell v. Hood,* 327 U.S. 678, 682-83, 66 S.Ct. 773,. 90 L.Ed. 939 (1946).

Thus, in every respect, the lower courts' handling of McNeil's claims contravened fundamental federal law, as well as the very statutes enacted to protect free speech rights, and other non-commercial uses of the Internet. These laws, including the ACPA, were specifically envisioned as protecting Internet users like McNeil, most notably, the Hatch-Leahy amendments creating a federal cause of action for domain registrants under 15 U.S.C. 1114(d)(2)(v) ---- a cause of action the district court believed either (a) did not exist, or (b) McNeil never asserted.

The presence of viable claims against ICANN, and a federal cause of action against Stanley under the ACPA, should have altered the district court's view of venue under *McNeil II*, but unfortunately did not. With additional claims, a federal cause of action, and strong federal and international trademark policies mandating use of a U.S. forum, the district court clearly erred in sending the case to Canada, where U.S. trademark rights and defenses were neither applicable, nor could be properly adjudicated or, more importantly, enforced. In fact, one could argue that had McNeil gone to Canada and obtained a Canadian court ruling on the trademark issues presented under federal law (specifically the ACPA) the U.S. courts were not required – per the Paris Convention *or* the ACPA – to lend any weight or enforceability to the Canadian courts findings.

Such a result was not envisioned by the drafters of the Lanham Act, or the Paris Convention. Neither should the Canadian forum have been endorsed by the district court's exportation of the case to Canada, where subsequent U.S. enforcement of any resulting judgment was highly questionable – particularly given the kind of Draconian relief that was contemplated in Stanley's Canadian complaint, i.e., $15 million in damages, and destruction of McNeil's software and computers. A:100.

D. ***The ICANN Forum Selection Is Mandatory, Because It Requires Domain Owners To Relinquish Domains If They File Suit In A Jurisdiction Other Than The One Stipulated To Under ICANN Rules.***

The Ninth Circuit rejected the notion that McNeil's

choice of forum, or the parties' forum stipulation, was entitled to any deference whatsoever. In so ruling, the Ninth Circuit concluded that the ICANN forum was not mandatory, but optional. That conclusion was incorrect, insofar as it ignored the practical effect of McNeil going elsewhere with his suit, i.e., the websites would be closed down.

The Ninth Circuit failed to consider that unless McNeil filed in the ICANN-specified forum, the domains at issue would have been immediately transferred to Stanley. This is a coercive element to the ICANN forum selection which was not considered by the lower court. This coercive aspect of ICANN rules, in reality, gave McNeil no venue option.

So framed, the ICANN-specified forum clause had the net effect of effectively mandating a forum choice. That is because filing suit in any other jurisdiction would have caused an immediate forfeiture of the domains pending a final hearing by the court which, in this case, never occurred. *Storey v. Cello Holdings, LLC*, 347 F.3d 370, 380 (2nd Cir. 2003) (*"Only if a domain-name registrant seeks to delay implementation of a UDRP panel's decision is he or she obliged to commence his or her lawsuit against the complainant within the ten-day window and to bring it in a court to whose jurisdiction the complainant has submitted contractually.*).

REASONS FOR GRANTING THE PETITION

The Ninth Circuit's ruling exporting the case to Canada takes place against a historical backdrop of numerous decisions emanating from this Court, all of which accord great deference to the parties' forum choice, and which

routinely conclude that forum choice clauses lend stability to the adjudication of disputes between parties with complicated international relationships. *See e.g., M/S Bremen v.Zapata Off-Shore Co.*, 407 U.S. 1, 92 S.Ct. 1907, 32 L.Ed.2d 513 (1972) (Forum selection clauses are enforceable, so long as they are not unfair, unreasonable under the circumstances, or contrary to public policy); *Carnival Cruise Lines v. Shute*, 499 U.S. 585, 111 S.Ct. 1522, 113 L.Ed2d 622 (1991). In view of the Ninth Circuit's ruling on millions of domain litigants worldwide, the gravity and abject legal errors inherent in the ruling, cannot be tolerated or permitted to stand.

The Ninth Circuit's perfunctory, rubber-stamping of the district court's order of dismissal, abrogates every major venue decision of this Court, ignores the three major caveats of *Bremen*, violates due process considerations, ignores federal constitutional standards which are a necessary component of the exercise of jurisdiction by *any* court, ignores Congressional intent as manifested in the ACPA, and fails to accord any weight whatsoever to the public policy considerations implicit in the forum selection process adopted by ICANN rules.

Worse, the Ninth Circuit's ruling potentially impacts 100 million domain registrants worldwide, and creates forum *uncertainty* where *certainty* previously prevailed. In violation of the federal statutory scheme, litigants in the Ninth Circuit can no longer depend on obtaining federal court access promised by Congress under the Anti-cybersquatting Consumer Protection Act ("ACPA"). 15 U.S.C. 1114(d)(2)(v).

The Ninth Circuit's ruling stands in sharp contrast to the decisions of the other Courts of Appeal cited above – all of whom uniformly adjudicate domain disputes filed by domain registrants under the ACPA —– and contravenes fundamental policies of federal law.

Ninth Circuit domain litigants can also no longer depend on their disputes being resolved in a mutually-agreed, readily-identifiable forum, but are instead now exposed to full-blown forum squabbles ---- expensive squabbles that could be easily eliminated, or drastically reduced, if a presumption of validity, and/or significant deference, were accorded ICANN forum choices. As the above-cited legislative history indicates, this is exactly the kind of result Congress sought to avoid in enacting the ACPA.

In the instant case, forum choice is a particularly important feature, where a domain registrant using various domains in exercise of First Amendment rights, is being oppressed by a trademark owner (Stanley) with virtually unlimited assets. In fact, as the legislative history (discussed above) indicates, the instant case is the paradigm situation anticipated by Congress in enacting certain protections for domain registrants, which were incorporated into the ACPA.

CONCLUSION

Bremen principles are not in need of modernization, but they are apparently in need of reiteration, at least in the Ninth Circuit in the instant case.

The advent of the Internet beckons this Court <u>not</u> to reformulate historical venue rulings, but at least to reaffirm them, and remind lower courts they need only adhere to

fundamental, longstanding forum choice rules (and federal law) to determine whether and where cases should be adjudicated.

Since ICANN's inception in 1999, there have been approximately 10,000 mandatory ICANN arbitrations. Those arbitrations potentially impact 100 domain registrars, and over 100 *million* domain owners, worldwide.

In these days of worldwide domain name and Internet litigation, more certainty in forum selection – not less – is clearly better. Thus, the Ninth Circuit's rejection of the ICANN forum stipulation, is both remarkable, and unprecedented.

For whatever other deficiencies ICANN may have, its forum choice rules are fundamentally sound. That is because the ICANN forum choice is typically that of the registrar's domicile, in the jurisdiction where the domain names were purchased and/or hosted. As such, that forum has constitutional advantages (the domain owner necessarily engaged in business there, and is therefore subject to jurisdiction there). Moreover, ICANN controls which entities are certified as registrars, giving it the ability to repose such responsibilities in the hands of registrars that are geographically accessible, and fundamentally responsible.

As such, the forum of the registrar is usually geographically and logistically better-situated to resolve the parties' domain dispute. In addition, in that jurisdiction (a) the registrar is directly subject to court orders concerning the domain, and (b) both trademark owner and domain registrant alike have submitted

All the foregoing considerations weigh heavily in favor of this Court issuing several helpful rules for the guidance of the various district courts, and federal courts of appeal, to-wit: (a) that the ICANN stipulation should be deemed presumptively valid, with the party opposing the presumption required to bear the burden or proof demonstrating another forum is proper, (b) that the domain registrant's choice of forum should be given considerable deference, and (c) that a party who initiates an ICANN proceeding on U.S. soil which relies on or attempts to adjudicate U.S. trademark rights, is deemed to have waived any objections to the stipulated U.S. forum.

For the reasons stated, the Ninth Circuit's order affirming the district court's dismissal should be REVERSED, and the case remanded to the appeals court with instructions.

Respectfully submitted this 27th day of May, 2004.

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